



# Memorandum

**TO:** HONORABLE MAYOR  
AND CITY COUNCIL

**FROM:** Julia H. Cooper

**SUBJECT:** SEE BELOW

**DATE:** May 20, 2013

Approved

Date

5/28/13

**SUBJECT: THIRD AMENDMENT TO THE AGREEMENT FOR ELEVATOR  
MAINTENANCE BETWEEN THE CITY OF SAN JOSE AND KONE, INC.**

## RECOMMENDATION

Adopt a resolution authorizing the City Manager to:

- (a) Execute the Third Amendment to the Elevator Maintenance Agreement with Kone, Inc. (San Leandro, CA), to add six elevators located at the Fourth and San Fernando Parking Garage and increase compensation for a not-to-exceed amount of \$164,000, for the renewal term of May 22, 2013 through June 30, 2014; and
- (b) Negotiate and execute subsequent amendments to the Agreement to add or delete elevators as required, subject to the annual appropriation of funds.

## OUTCOME

The addition of elevator maintenance and repair services to the existing Agreement would allow continuous safe and efficient operation of City elevators.

## BACKGROUND

In May 2007, Council approved an agreement with Kone, Inc. ("Kone") to provide elevator maintenance services to the City Hall and Employee Parking Garages. This agreement initially provided for elevator maintenance and repair of 16 elevators located at City Hall in support of the Public Works Department requirements.

In June 2009, the City executed the First Amendment to revise the scope of services to add four additional elevators located in the City Hall Employee Garage for a revised total of 20 elevators.

On October 19, 2010, Council approved execution of the Second Amendment to reduce the amount of annual compensation as part of staff's contract negotiation efforts to reduce contract prices and add eight additional one-year options to extend the agreement.

The proposed Third Amendment would add six additional elevators at the Fourth Street Garage and San Fernando in support of Department of Transportation requirements. These elevators are currently being serviced under a Purchase Order with Kone. Consolidating all Kone elevator maintenance and repair services under one agreement will simplify the contract and vendor management function.

### **ANALYSIS**

The proposed Third Amendment would add six additional elevators at the Fourth Street Garage and San Fernando in support of Department of Transportation requirements. These elevators are currently being serviced under a Purchase Order with Kone. Consolidating all Kone elevator maintenance and repair services under one agreement will simplify the contract and vendor management function.

### **EVALUATION AND FOLLOW-UP**

This memorandum will not require any follow-up from staff.

### **PUBLIC OUTREACH/INTEREST**

- ☐ **Criterion 1:** Requires Council action on the use of public funds equal to \$1,000,000 or greater. **(Required: Website Posting)**
- ☐ **Criterion 2:** Adoption of a new or revised policy that may have implications for public health, safety, quality of life, or financial/economic vitality of the City. **(Required: E-mail and Website Posting)**
- ☐ **Criterion 3:** Consideration of proposed changes to service delivery, programs, staffing that may have impacts to community services and have been identified by staff, Council or a Community group that requires special outreach. **(Required: E-mail, Website Posting, Community Meetings, Notice in appropriate newspapers)**

Although this item does not meet any of the above criteria, this memorandum will be posted on the City's website for the June 11, 2013, City Council agenda.

## **COORDINATION**

This memorandum has been coordinated with the Department of Public Works, the Department of Transportation, the City Attorney's Office, and the City Manager's Budget Office.

## **FISCAL/POLICY ALIGNMENT**

This action is consistent with the following General Budget Principles: "We must focus on protecting our vital core city services for both the short- and long-term" and "We must continue to streamline, innovate, and simplify our operations so that we can deliver services at a higher quality level, with better flexibility, at a lower cost."

## **BUDGET REFERENCE**

The table below identifies the fund and appropriations recommended to fund the amendment of the agreement recommended as part of this memorandum.

Fund #	Appn #	Appn. Name	Total Appn	Amt. for Contract	2012-2013 Adopted Operating Budget (Page)	Last Budget Action (Date, Ord. No.)
001	0572	Public Works Non-personal	\$ 9,931,291	\$130,200	VIII - 291	10/16/2013 Ord. No. 29163
533	0512	Transportation Non-Personal	\$ 4,699,933	\$33,900	XI - 43	6/19/2012 Ord. No. 29163

## **CEQA**

Not a Project; File No. PP10-066(a), Agreements and Contracts.

/s/  
JULIA H. COOPER  
Director of Finance

For questions please contact Mark Giovannetti, Purchasing Division Manager at (408) 535-7052.